

# I'll Know It When I See It

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## ■ Topics covered:

- Introduction
- Depreciation Allocation
- Functions
- Segments

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## ■ General Implementation Issues:

- We intend to implement GASB Statement No. 34 early
- Our statements ending September 30, 2001 will be prepared following the requirements established by the standard
- We have been working on reporting issues since Summer of 2000

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- FY 2000 CAFR information

- Capital assets reported in Schedule of General Fixed Assets Account Group by Function:

- \$3,671,468,000

- Includes Land, Buildings, and Equipment

- Governmental fund direct expenditures

- \$34,862,448,000

- Includes expendable trust fund activity

- Enterprise Fund operating expenses

- \$1,581,078,000

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## ■ Depreciation Allocation

- The first thing we did was change our capitalization limit
- We issued guidance on useful life categories and salvage values
- Michigan is decentralized as it relates to capital asset reporting - we have “reporting packages” to focus solely on capital asset reporting
- We maintain a Fixed Asset database, including detail by agency

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## ■ Assumptions made relating to transition:

- Equipment - 5 year useful life for purchases made in FY 96 and forward; FY 95 and older - fully depreciated
  - FY 00 Equipment balance - \$368,909,000
  - FY 00 Accumulated depreciation - \$258,620,000
- FY 01 activity - agencies will report equipment purchases over \$5,000, indicate useful life and salvage value
- Depreciation methodology - straight line

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## ■ Assumptions made relating to transition:

- Buildings and renovations - 40 year useful life for purchases made in FY 61 and forward; FY 60 and older - fully depreciated
  - FY 00 Building balance - \$2,441,102,000
  - FY 00 Accumulated depreciation - \$859,800,000
- FY 01 activity - depreciation will be allocated to the functions based on agency activity
- Our database information will allow us to “tag” individual building acquisitions by agency

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## ■ Reporting by function

- We will have 8 functions related to agency activities:
  - General Government
  - Education
  - Family Independence Services
  - Public Safety and Corrections
  - Conservation, recreation, environment and agriculture
  - Labor, commerce, and regulatory
  - Health Services
  - Transportation



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- Other “function” lines:

- Tax expenditures
- Debt service related expenditures
- Depreciation
- Intergovernmental-revenue sharing

- FY 00 CAFR reported the same functional level for governmental activities
  - except for Depreciation

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- Reporting by segment

- We have 3 individual funds that report business type activities:

- State Lottery Fund (meets major fund criteria)

- Michigan Unemployment Compensation Fund (meets major fund criteria)

- Liquor Purchase Revolving Fund (by default, this fund will be presented as a major fund)

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- Website for GASB implementation issues relating to Michigan:
  - [www.state.mi.us/dmb/ofm/](http://www.state.mi.us/dmb/ofm/)